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~~INFORMAL REPORT~~

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COUNTRY Austria/USSR/Hungary/Switzerland

DATE DISTR. 22 Mar 1949

SUBJECT Financial Difficulties of the C.P. Goerz Optical Firm

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**SUPPLEMENT TO
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DATE OF IN

25X1X6

1. The Soviet controlled C.P. Goerz optical firm (Optische Anstalt C.P. Goerz, G.m.b.H., Sonnleithnerstrasse 5, Vienna IX) is in financial difficulties because USIA is not to place any new orders for 1949 until the outcome of the state treaty negotiations is known.* Goerz is trying desperately to sell its surplus of 2000 voltmeters and ammeters in order to meet its payroll and other operating expenses. This surplus consists of instruments remaining after completion of Soviet Air Force orders during 1948. Since buyers have been very hard to find, USIA has entered into negotiations with the Hungarian middleman, Thomas Hamburger, for the sale of the surplus instruments to the Hungarian Air Force in return for alarm clocks to be imported illegally and sold in Austria at black market prices. According to source, there have been previous imports of this nature, but the Austrian market is not yet saturated. Hamburger, director of the Siemens-Reiniger Works and the Hungarian Optical Works A.G. in Budapest, made several trips to Vienna in the fall of 1948 and allegedly smuggled 10,000 Hungarian clocks and watches into Austria with the help of Juschweschtrans. The watches were sold for dollars, and Hamburger took to Budapest instruments and other materials purchased from Goerz. Hamburger also purchases ball bearings for the Hungarian Government.
2. Although USIA is negotiating with Hamburger, at the same time a representative of Goerz has begun negotiations for disposal of the instruments through other channels. He proposes to sell the voltmeters and ammeters in Switzerland through the firm of Franz Kunz, Vienna III, thus camouflaging the USIA origin of the instruments. Eduard Heinel, former minister of Trade, is allegedly assisting in the transaction. Kunz will pay Goerz 1,080 schillings per instrument,** and Swiss importers have offered approximately 300 Swiss francs per instrument or 500,000 francs for the lot. The Swiss importers plan to resell the instruments to Portugal, Spain, Argentina, Denmark, and Sweden. With the 500,000 Swiss francs thus obtained, the Vienna firm Intransit, Vienna I, Schubertstrasse 3, will import medicine from Zentropa in Zurich. Intransit is represented in the transaction by Klimann.***

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CLASSIFICATION

STATION

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NO CHANGE in Class

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Class. CHANGED TO: TS

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25X1A2g

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3. Argentinian commercial representatives in Zurich have offered to purchase 1,000,000 optical lenses from Goerz. Although Goerz needs orders desperately it could not accept this offer since the Argentinian representatives specified lenses with a diameter of 49-51 mm, whereas Goerz lenses have a diameter of 45-47 mm. [REDACTED] considers that Goerz's failure to adjust its production to world market demand for lenses can be ascribed to lack of foresight on the part of both Austrian and Soviet engineers connected with USIA, for conversion of presses for the larger size would not be expensive.****
- 25X1X6
4. Avetisov, Soviet director of Goerz, has requested his engineers to prepare to manufacture electric meters for measuring household current consumption. Avetisov has an order from the USSR for 100,000 such meters for 127-volt current; he also mentioned an additional order from the Balkans for at least 30,000. The Goerz staff has had no experience in producing these instruments, is strongly opposed to the project, but in compliance with Soviet orders is now studying patent information on the subject. Conversion of plant machinery to this production would require an investment of more than one million schillings.*****
- 25X1A6a [REDACTED] 25X1A2g
Comment: These difficulties were mentioned in [REDACTED]
- 25X1X6 [REDACTED] Comment: This price is slightly below Goerz production costs and one half of the original selling price asked by the Soviets.
- 25X1A6a ** [REDACTED] Comment: Neither Kunz nor Intransit is listed in the Austrian Handel- or Industriecompass. Presumably some agreement exists between Kunz and Intransit whereby the latter firm derives the benefit from Kunz's sale, or the two firms are affiliated, but [REDACTED] 25X1X6
- 25X1A6a *** [REDACTED] Comment: Failure to adjust Goerz lense production facilities to world market demand might also be the result of deliberate Soviet planning.
- 25X1X6 ***** [REDACTED] Comment: If Soviet orders for these instruments later stop, as they did in the case of voltmeters and ammeters, Goerz will probably be left again with a surplus of unmarketable products.

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